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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

1850 M. Street, N.W., Suite 1100  
Washington, DC 20036

May 11, 1999

**BY HAND**

Magalie Roman Salas,  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.,  
Washington D.C. 20554

**Re: Ex Parte - Implementation of the Subscriber Changes Provisions of  
the Telecommunications Act of 1996, Policies and Rules Concerning  
Unauthorized Changes of Consumers' Long Distance Carriers, CC  
Docket No. 94-129**

Dear Ms. Salas:

On March 30, 1999, several parties, including Sprint Corporation, filed a Joint Petition for Waiver of the new and very complex liability and compensation rules governing slamming incidents which the Commission adopted in its *Second Report and Order* in the above-referenced Docket. The waiver was filed pursuant to the Commission's suggestion that perhaps the carriers themselves could develop a more effective and efficient mechanism for administering the new liability/compensation rules than the mechanism prescribed by the Commission. The Joint Petition as well as the comments on the Petition from various parties, including consumer groups, clearly demonstrates that a procedure which utilizes a neutral third party administrator (TPA) to investigate subscriber allegations of slamming and ensure that the victims of slamming -- subscribers and their authorized carriers -- receive proper relief is workable and vastly superior to the Commission's prescribed mechanism.

The Joint Petitioners also explained to the Commission that they would need about six months from the time the requested waiver was granted to have the TPA "up and running." Thus, they requested that the Commission delay the effective date of its new liability/compensation rules accordingly.

In various *ex parte* meetings with the Commission's staff, some have inquired whether the TPA can be constituted in less than six months. Sprint and others have been talking to various vendors who might seek to become the TPA and it is the vendors' view to date that 6 months is a very aggressive but workable deadline given the amount of work that needs to be done. Indeed, KPMG has informed Sprint that:

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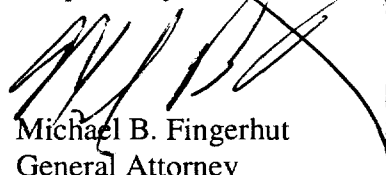
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... there is a tremendous amount of work to do before this [TPA] organization is ready to process its first complaint. It is unlikely that all of the planning, design, and implementation activities could be resolved in less than six months.

Letter dated May 6, 1999 to Michael Fingerhut from Andrew Walker at 2 (copy enclosed). In short, the delay sought by the Joint Parties in the effective date of the Commission's rules was not picked at random. It is the necessary amount of time that those familiar with procedures involved in establishing the mechanism envisioned by the Joint Petitioners say is required. This time-frame still will permit the Commission to have in place an effective, workable and neutral TPA for resolving slamming disputes before the year is over. This would be an impressive achievement for the Commission.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "M. Fingerhut", written over the typed name.

Michael B. Fingerhut  
General Attorney  
202-828-7438

Enclosure

c: Chairman Kennard (By Hand)  
Commissioner Ness (By Hand)  
Commissioner Furchgott-Roth (By Hand)  
Commissioner Powell (By Hand)  
Commissioner Tristani (By Hand)  
Dorothy Attwood (By Hand)



2001 M Street, N.W.  
Washington, D.C. 20036

Telephone 202 467 3000  
Fax 202 833 1350

May 6, 1999

Mr. Michael Fingerhut  
General Attorney  
Sprint  
1850 M Street, NW, 11<sup>th</sup> Floor  
Washington, DC 20036

Dear Mr. Fingerhut:

Per our conversation on Thursday, April 22, I am writing to outline a number of items which you might consider addressing in your request for proposal (RFP).

1. We believe the RFP should delineate between three major efforts: a) planning and design; b) implementation; and b) operation.
  - **Planning and Design.** Your RFP should ask prospective vendors to explain their approach for designing the TPA. Credible responses to your RFP would need to address matters such as developing a work plan, establishing a process for coordination and consultation with the Board, performing project planning, and developing specifications. Vendors will be interested in knowing what the planning and design requirements are, as well as how the Board anticipates dealing with the vendor as detailed specifications and action plans are developed.
  - **Implementation.** Your RFP should ask prospective vendors to explain their approach for implementation. Based on our discussion of the TPA organizations proposed responsibilities, we have noted core elements which will be important in the successful implementation. These include:
    - The physical establishment of a call center with appropriate call-routing telecommunications software and equipment;
    - The physical establishment of a business center with appropriate office equipment to support case management and operational aspects of TPA;
    - The design and creation of business rules for call processing, case management, and dispute resolution based on regulatory specifications;
    - The establishment of internal business policies and procedures which facilitate management of TPA operations;
    - The establishment of a well-trained workforce to receive and process complaints, as well as to support organizational functions; and,



- The establishment of an information technology which supports the collection, processing and reporting of slamming complaints; facilitates the transfer and storage of data from carriers, with regulatory bodies, and from consumers; and supports internal management functions, such as call volume tracking, operational and financial accounting, document production and human resources management.
- Operation. The RFP should ask prospective vendors to explain their general approach to managing the TPA in a steady state. Credible responses to your RFP will reflect that on-going organizational management involves a different competencies that those required to design and implement the TPA.

2. Vendors will be very interested in a list of basic assumptions. For example, items such as call volume estimates, locality requirements for facilities, equipment or service purchasing guidelines, and proposed level of service should be addressed. You should strive to compile a specific and thorough list of assumptions. This will reduce the amount of guessing by prospective vendors and enable a comparable basis for evaluation of the proposals.

3. Your RFP should be specific about how you anticipate that compensation for products and services will be addressed. This project is likely to be costly and may require significant out-of-pocket expenses, so vendor interest in this issue will be high. We suggest that your RFP provide specific details about this issue, but also invite vendors to provide alternative compensation schemes.

4. Your RFP should be very specific about key schedule requirements. As we have discussed, there is a tremendous amount of work to do before this organization is ready to process its first complaint. It is unlikely that all of the planning, design, and implementation activities could be resolved in less than six months.

While this list is not exhaustive, it addresses the major items that we believe a successful RFP would address. I hope that you will not hesitate to contact me if you would like to discuss these items, or if I can provide you any additional information.

Sincerely,



Andrew Walker  
KPMG